

VZCZCXRO6995
PP RUEHDE
DE RUEHDO #0713 1901428
ZNY CCCCC ZZH
P 091428Z JUL 07
FM AMEMBASSY DOHA
TO RUEHC/SECSTATE WASHDC PRIORITY 6848
INFO RUEHHH/OPEC COLLECTIVE

C O N F I D E N T I A L DOHA 000713

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E.O. 12958: DECL: 07/08/2017
TAGS: [EPET](#) [PREL](#) [QA](#)
SUBJECT: DEMARCHE TO OIL EXPORTERS: QATAR "ON THE SAME PAGE"

REF: SECSTATE 88197

Derived from: DSCG 05-1, B,D.

11. (C) Minister of State for Energy and Industry Mohamed al-Sada agreed with Charge in a meeting July 9 that statements in support of high oil prices made it difficult for the U.S. Administration to oppose the No Oil Producing and Exporting Cartels Act (reftel). Al-Sada nevertheless made the point that the "underlying value" in terms of purchasing power of a USD 65 barrel of oil today was no greater than that of a USD 40 barrel of oil several years ago. He said that Qatar's decision to price oil in dollars was "strategic" and long-term, implying the benefit to the U.S. of this position.

12. (C) Al-Sada argued that OPEC was more of a "club" than a cartel, and its mission was the security of the world oil supply. He also pointed out that current oil prices and price stability allowed for a great deal of investment in the industry. This investment benefited U.S. firms such as Exxon Mobil. "Our interests are mingled together," he observed.

Comment

13. (C) Qatar, as a small producer with limited oil reserves, has generally not advocated increased OPEC production targets. However, Al-Sada, whose number-two position in the ministry was created for him several months ago, appears to be helpful. We expect that he will share our message with the Minister, who is occasionally quoted in the press.
RATNEY